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Iraq

Status Report

March 25, 2009



Bureau of Near Eastern Affairs
U.S. Department of State

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TABLE OF CONTENTS

HIGHLIGHTS	3
POLITICAL	
• Governance & Legislation	4
ECONOMIC	
• Oil	9
• Fiscal and Monetary Affairs	11
• Public Services	13
• Public Services - Electricity	14
PROVINCIAL RECONSTRUCTION TEAM	
• Beyond Baghdad	15
DIPLOMATIC	
• Political Engagement	16
SECURITY	
• Situation Update	17
• Security Transition	18
Contact Information, Notes and Source Citations	20

HIGHLIGHTS



- **Political Parties Form Alliances Across Sectarian Lines (*POLITICAL*, page 4).**
- **Companies Invited by Iraq to Bid on Service Contract (*ECONOMIC*, page 10).**
- **Turkish President Abdullah Gul Visits Iraq March 23 (*DIPLOMATIC*, page 16).**
- **Suicide Attack Targets Tensions in Diyala (*SECURITY*, page 17).**



POLITICAL - Governance & Legislation

PM Maliki concentrates on political challenges, while Saddam-era issues continue to be addressed

Political Parties Form Alliances Across Sectarian Lines:

- Saleh al-Mutlak, a secular Sunni Arab and leader of the Iraqi National Dialogue Front, said that his supporters will form a coalition with Prime Minister Nuri al-Maliki on the provincial councils of Diyala, Salah ad Din, Baghdad, and Babil. He also said former Prime Minister Ayad Allawi, a secular Shi'a Arab politician, will take part in the alliances. Mutlak added that PM Maliki had also suggested an alliance for the parliamentary elections, but said "we're still studying the message." Such alliances indicate a trend of issue-based (vice sectarian-based) coalitions.

Saddam Era Mass Grave Discovered in Southern Iraq:

- A mass grave holding dozens of people killed during the Shi'a uprising after the 1991 Gulf War was unearthed March 19. The grave was discovered 19 miles north of Basrah. According to an AFP reporter, some of the skeletons were wearing military uniforms.

POLITICAL - Governance & Legislation



PM Maliki concentrates on political challenges, while Saddam-era issues continue to be addressed

Iraq Hosts Western Tour Group:

- Eight tourists – five Britons, two Americans, and a Canadian – arrived in Iraq March 8 and toured historic sites across the country, including in Babylon, Ninewa, Karbala, and Najaf. This was the first officially sanctioned tour of its type since 2003. Iraq's Ministry of Tourism and Antiquities helped arrange the tour.



POLITICAL – Government of Iraq

Coalition Affiliation (at time of appointment)
United Iraq Alliance
Kurdistani Alliance
Iraqi Accord Front
Iraqi National List
Other / Independent

(F) = Female

***Formerly Iraqiya

Prime Minister
Nuri Kamil al-Maliki

Deputy Prime Minister
Rafi Hiad Jiad al-Issawi

Deputy Prime Minister
Dr. Barham Ahmed Salih

President
Jalal Talabani
Deputy President
Tariq al-Hashimi
Deputy President
Adil Abd al-Mahdi

Minister of Agriculture
Ali Husayn Kadhum al-Bahadili

Minister of Communications
Faruq Abd al-Qadir Abd al-Rahman

Minister of Culture
Mahir Dilli Ibrahim al-Hadithi

Minister of Defense
Abd al-Qadir Muhammad Jasim al-Aubaidi

Minister of Displacement & Migration
Dr. Abd al-Samad Rahman Sultan

Minister of Electricity
Dr. Karim Wahid al-Hasan

Minister of Education
Dr. Khudayr Mousa Jaffar al-Khuzai

Minister of Environment
Dr. Nermin Othman Hassan (F)

Minister of Finance
Bayan Jabr

Minister of Foreign Affairs
Hoshyar Mahmud Zebari

Minister of Health
Dr. Salih Mahdi Mutlab al-Hasnawi

Minister of Higher Education and Scientific Research
Abid Dhiyab al-Ujayli

Minister of Human Rights
Eng. Wijdan Mikhail Salim (F)

Minister of Industry & Minerals
Fawzi Fransu Hariri

Minister of Interior
Jawad Kadhum Eidan al-Bulani

Minister of Justice
Dara Nur al-Din

Minister of Housing & Construction
Bayan Dizayee (F)

Minister of Labor & Social Affairs
Eng. Mahmud Muhammad Jawad al-Radi

Minister of Oil
Dr. Husayn Ibrahim al-Shahristani

Minister of Planning
Ali Ghalib Baban

Minister of Trade
Dr. Abd al-Falah Hassan Hummadi al-Sudani

Minister of Science & Technology
Dr. Raid Jahid Fahmi

Minister of Municipalities & Public Works
Riyadh Abd al-Hamza Gharib

Minister of Transportation
Amir Abd al-Jabar Ismail

Minister of Water Resources
Dr. Abd al-Latif Jamal Rashid

Minister of Youth & Sports
Eng. Jasim Muhammad Jaffar

Minister of State for Civil Society Affairs
Dr. Thamir Jafar al-Zubaidi

Minister of State for National Dialogue
Dr. Akram Mousa Hadi al-Hakim

Minister of State for National Security
Eng. Shirwan Kamil al-Waili

Minister of State for Foreign Affairs
Dr. Muhammad Munajid Aifan al-Dulaymi

Minister of State for Provinces Affairs
Dr. Khulud Sami Izzara al-Majun (F)

Minister of State for Tourism and Antiquities
Dr. Qahtan Abbas Numanal-Jabburi

Minister of State for Women's Affairs
(Dr. Khulud Sami Izzara al-Majun (F), Acting)

Minister of State for CoR Affairs
Safa al-Din Muhammad al-Safi

Minister of State at Large
Muhammad Abbas Muhammad al-Uraybi

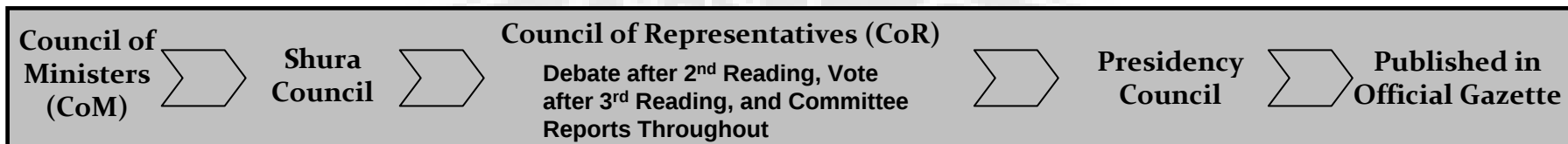
Minister of State at Large
Ali Muhammad Ahmad

Minister of State at Large
Hasan Radhi Kazim al-Sari



POLITICAL – Key Legislation

Legislative Process



- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **Budget:** The Council of Representatives (COR) passed a budget on March 5. The budget must now be approved by the Presidency Council.
- **COR Speaker:** The COR has yet to reach a consensus on appointing a new Speaker since Mahmoud Mashadani was ousted on December 23, 2008. The COR began its spring recess on March 5 and will resume on April 14.

POLITICAL - Refugee Update



- Regional governments report hosting as many as 2 million Iraqi refugees.
- The International Organization for Migration (IOM) estimates that over 2.8 million Iraqis are displaced inside Iraq.
- In FY08, the State Department's Bureau of Population, Refugees and Migration contributed \$287.08 million to international organizations and nongovernmental organizations to assist displaced Iraqis inside the country and in the region.
- The U.S. admitted 13,823 Iraqi refugees in FY08 (which ended September 30).
- Since the program's inception in FY07, 22,740 Iraqi refugees have been admitted for U.S. resettlement; in FY09 alone, the U.S. seeks to admit a minimum of 17,000 Iraqi refugees.
- In FY 2008, a total of 1,142 Special Immigrant Visa (SIVs) were issued for Afghan and Iraqi translators and interpreters (under the Section 1059 program).
- As of December 2008, a total of 1,311 SIVs have been issued since FY08 (under the Section 1244 program).

ECONOMIC – Oil



Oil sector remains active despite absence of new federal laws

Crude Oil Update:

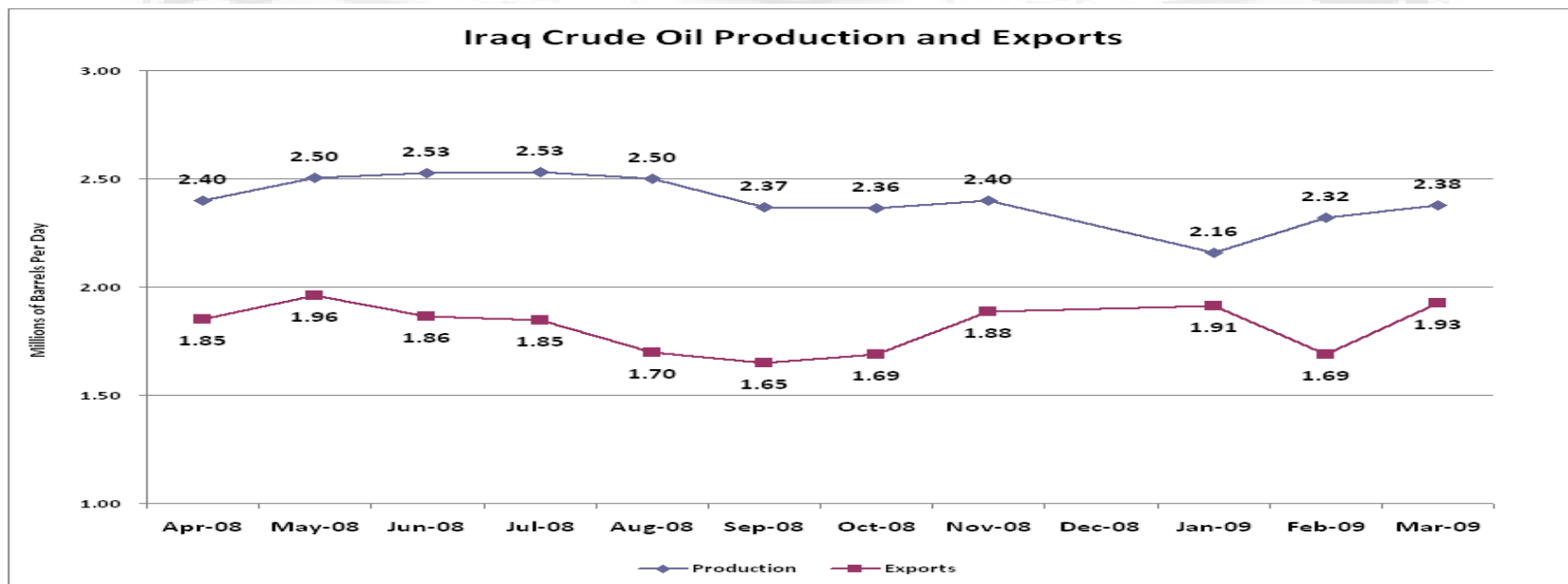
Price averages in world markets closed with the following prices:

Basrah Light at \$46.07/barrel

Dated Brent at \$47.52/barrel

WTI Cushing at \$49.46/barrel

Oman/Dubai at \$45.92/barrel



Revenue estimates:

2007: \$41.0 Billion

2008: \$61.9 Billion *

2009 (ytd): \$6.3 Billion

* Estimate adjusted as a result of newly-available Iraqi data.

ECONOMIC – Oil



To increase oil production quickly, Iraq invites companies to bid for fields not included in the two bid rounds

The Ministry of Oil Issues Tender for 30 Wells:

- The Ministry of Oil issued a tender for foreign oil companies to drill 30 wells in three oil fields in Maysan province. The tender is for ten wells on the Halfaya, Noor, and Abu Gharab fields and offered on a turn-key basis. The period to bid closes April 15, and all work must be completed within 18 months of the start data. According to a senior engineer at the Maysan Oil Company, this tender is part of an effort to quickly boost production in Iraq's southern fields. The Maysan Oil Company announced March 15 that it had invited international oil companies to build a 50,000 barrel per day production facility on the Halfaya field.

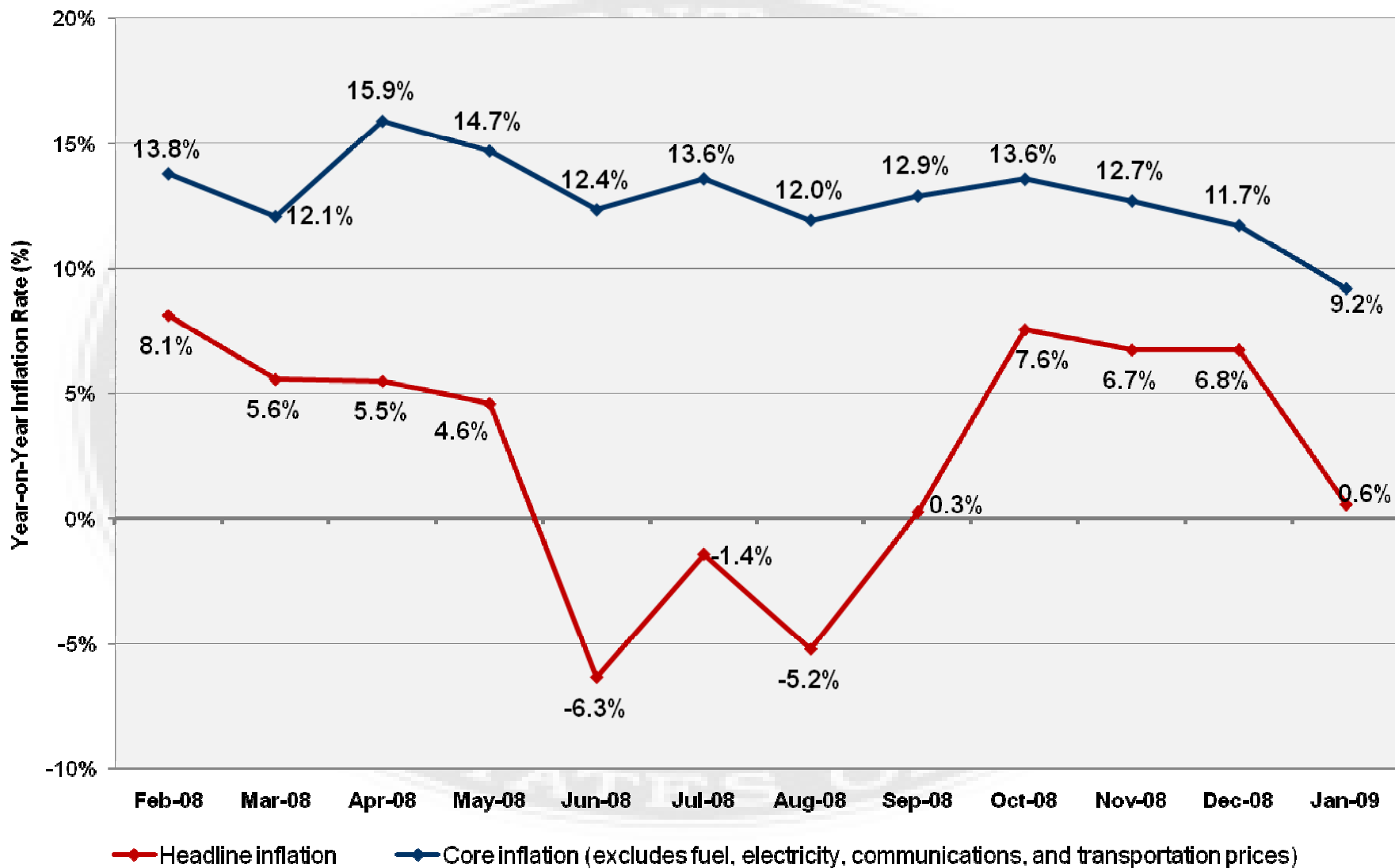
Companies Invited by Iraq to Bid on Service Contract:

- The Government of Iraq has invited at least three oil companies to bid on a service contract for the Nahr bin Umar oil field. Norway's StatoilHydro, France's Total, and the U.S.'s Chevron each received invitation letters from the Ministry of Oil. Total has long standing links to the field as it tried to negotiate a deal with the former regime. This appears to be similar to when the Ministry approached Italy's ENI and Spain's Repsol to bid on a service contract for the Nasariyah oil field. In that instance, ENI had tried to negotiate a deal with the former regime on the Nasariyah oil field.

ECONOMIC - Fiscal and Monetary Affairs



Year-on-Year Inflation



ECONOMIC – Fiscal and Monetary Affairs



Sound economic policies will help ensure Iraq maintains security and stability

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Commercial Bond Sales				
Price (USD)	\$50.23	\$48.56	\$44.89	\$66.08
Yield	12.89%	13.31%	14.29%	9.95%

ECONOMIC – Public Services



Private power can help move the sector to a more business-like footing

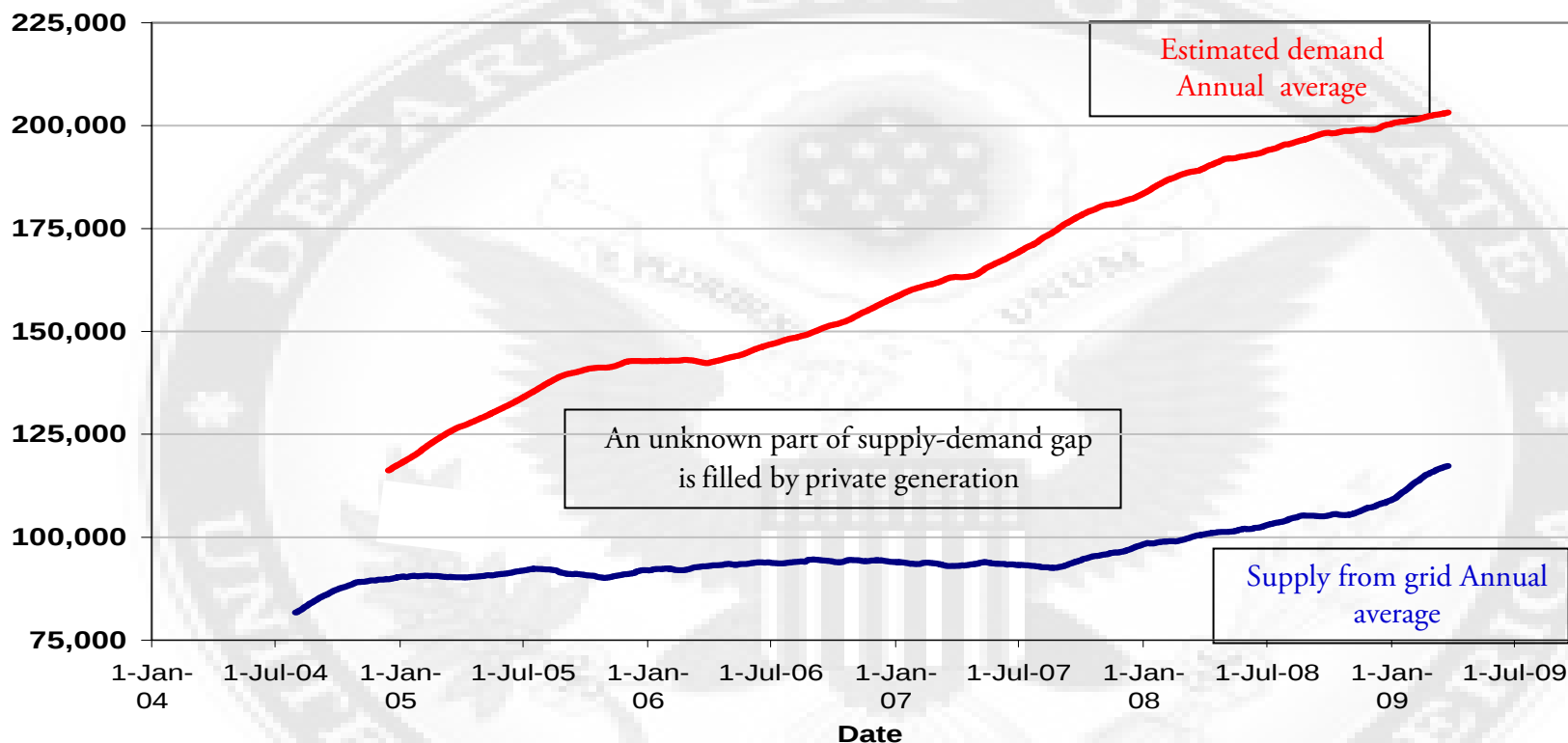
Deputy Minister of Electricity Discusses Current and Future Contracts:

- Iraqi Deputy Minister of Electricity Raad al-Haris said March 18 that the Ministry is preparing the specifications of a tender for a 1,000 megawatt power plant, worth about \$1 billion. The proposed plant would be owned by the investor and Iraq would buy electricity at 3.3 and 3.5 cents a kilowatt plus fuel costs. The deputy electricity minister also said Iraq was meeting with lenders in Washington, D.C., including JPMorgan Chase, the U.S. Export-Import Bank, and the World Bank to ask for a loan of \$2 billion over a period of five years to fund electricity development. Iraq banks may also contribute to the loan. The Ministry of Electricity also hopes to modify the payment timetable and schedule for implementation of the \$3 billion deal it signed with General Electric for 56 gas power turbines.

Public Services – Electricity



GOI needs to strengthen policy actions to manage demand and usage patterns



- Daily electricity supply from the grid March 18-24 was 20% above the year-earlier period and met 76% of estimated demand. This is the higher weekly percentage of demand met since March 2006, when it reached 78%. Estimated demand has increased by more than 30% since that time.
- Based on estimated demand, hours of power after meeting demand from essential services were Baghdad 16.6 and Iraq 18.3. Year-ago levels were Baghdad 11.9 and Iraq 13.7.



Beyond Baghdad



A student learns to read at a primary school in Mosul

“...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services.”

President Barack Obama

Recent Highlights

Diwaniyah

PRT Diwaniyah helped celebrate International Women's Day with one of the provinces more successful NGOs. The celebration included a graduation ceremony for 40 participants of a PRT run program which training in sewing, cosmetology, floral arrangements, and medical technician assistance.

Babil

As part of its economic development strategy, PRT Babil hosted a weeklong workshop for English teaching professionals, the first in the province in over 20 years. The workshop focused on promoting and strengthening English teaching methodologies. The teachers then put their lessons to use at an “English Camp” for 50 high school students. The event was led by an American English Language Specialist and coordinated with the Babil Directorate General of Education and the Teacher Training Center. The training methodology will be incorporated into more education programs in the province, thus exposing more students and teachers to the English language.

Ninewa

The remaining funds from a QRF grant that supplied musical instruments for the Mosul Institute for Fine Arts was used to host a joint reconciliation concert in Ayn Sifni. The concert brought together Christian and Arab members of the Institute, a brass quintet from the 25th I.D., and musicians from a local Yezidi band. The musicians played to a packed concert hall of 250 local residents.



DIPLOMATIC – Political Engagement

GOI engages the International Community to resolve infrastructure projects and security issues

ICRC President Meets with GOI Officials:

- Iraqi Foreign Minister Hoshyar Zebari met the President of the International Committee of the Red Cross (ICRC) Jakob Kellenberger in Baghdad March 18. Kellenberger is currently visiting Iraq to meet with GOI officials on implementing infrastructure projects in the country and to discuss a property agreement for the ICRC Iraq Headquarters in Baghdad.

Turkish President Abdullah Gul Visits Iraq:

- Turkish President Abdullah Gul arrived in Iraq March 23 to meet Iraqi government officials in Baghdad. Al-Iraqiya state television reports that President Gul met with President Jalal Talabani and Prime Minister Nuri Al-Maliki to discuss bilateral trade matters, PKK terrorists operating in Iraq, and the current dispute over Kirkuk. The visit was the first by a Turkish head of state in over three decades.

SECURITY - Situation Update



Despite security improvements, extremists continue to try to destabilize Iraq by targeting ethnic fault lines

Suicide Attack Targets Tensions in Diyala:

- A suicide attacker struck the wake for the brother of a Patriotic Union of Kurdistan official near the town of Jalawla in Diyala province March 23, killing at least 19 people and wounding another 39, according to Iraqi security officials. The attack was likely an attempt to exacerbate the already high tensions in this northeastern area of Diyala along the disputed areas between the Kurdistan Regional Government (KRG) and the central Government of Iraq. Over the past two years, suicide attackers have struck Jalawla five times, a local security official said, including one attack last August which killed 25 people.



SECURITY – Security Transition

The ISF continues to build capacity through FMS; while budget issues pose new challenges to a transitioning Iraq

FMS Continues to Strengthen the Iraqi Security Forces:

- **The Government of Iraq (GOI) is using the U.S. Foreign Military Sales (FMS) program to help develop and strengthen its security forces. The FMS program is the U.S. government-to-government method for selling U.S. defense equipment, services, and training. In a “Department of Defense Live” blogger roundtable March 16, Colonel Lawrence Avery Jr., Deputy Director of the Security Assistance Office for Multi-National Security Transition Command-Iraq (MNSTC-I), described how the FMS program is a vital tool helping the Iraqi military to achieve self-sufficiency. The program has evolved from equipping individual soldiers, sailors, and airmen with basic equipment for a counterinsurgency mission, to one that is now modernizing the Iraqi Security Forces (ISF). The GOI has spent \$4.5 billion since the program began in Iraq in 2005.**

MOI Freezes Hiring of 66,000 over Budgetary Concerns:

- **Iraq’s Minister of Interior Jawad Bulani said in a March 21 interview that his Ministry has frozen the hiring of 66,000 new members of Iraq’s Security Forces due to budgetary concerns. The Iraqi plan to recruit new ISF members was frozen after oil prices dropped almost \$100 since the summer of 2008. However, Minister Bulani said the cutback will not endanger U.S. plans to withdraw all forces by the end of 2011.**

SECURITY – Security Transition



The ISF continues to build capacity through FMS; while budget issues pose new challenges to a transitioning Iraq

Five Percent of SOI Integrated into the ISF:

- **Over 80,000 of the 94,000 Sons of Iraq (SOI) contracts have been transitioned to GOI responsibility. In 2008, the GOI promised to transition 20% of the SOI into the ISF and to facilitate private or other public sector employment for the remainder. However, approximately only 5% of those 94,000 have been formally integrated into the Iraqi Security Forces – primarily into the Iraqi Police. ISF integration has been slow partially due to budget issues from falling oil prices. There are indications that the patience of some SOI members' with the GOI is wearing thin.**



CONTACT INFORMATION

This brief draws from multiple sources. References are cited on the following pages.

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- Department of Defense, Section 9010 Measuring Stability and Security in Iraq
http://www.defenselink.mil/home/features/Iraq_Reports/index.html

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov



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